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## Analysis

### Subnational Authoritarianism in Russia

By Vladimir Gel'man, St. Petersburg

#### Abstract

The contemporary Russian constellation of localized politics and monopolized control by the local elites, dubbed “subnational authoritarianism,” was typical in various historical settings and for numerous regions and cities in many countries from Latin America to South-East Asia; the “political machines” in US cities of the late 19<sup>th</sup> and early 20<sup>th</sup> centuries also presented an example of this type of government. Subnational authoritarianism in various countries and regions differed considerably in terms of its genesis, forms of rule, and consequences: some subnational authoritarian regimes were temporary and transitional; others dug in for long centuries. This article addresses the general trends and special features of subnational authoritarianism in Russia.

#### The Origins of Russia's Subnational Authoritarianism

The practice of subnational authoritarianism in the Soviet period was the “point of departure” for processes of decentralization in the 1990s and recentralization in the 2000s, both of which were path dependent in that they depended heavily on historical legacies. The centralized subnational party authoritarianism of the USSR was a complex political project. On one hand, it was based on a hierarchical concentration of power and resources, which was supported by the vertically integrated structures of the Communist Party of the Soviet Union (CPSU) and the nation-wide branch ministries and agencies, including the coercive agencies from the military to the State Security Committee (KGB). On the other hand, at the local level, the territorial committees of the CPSU performed the functions of social integration and distribution of social benefits. Also, they acted as interest groups in lobbying the interests of territories in the upper echelons of the political hierarchy. In the 1960s–1980s, the Soviet system of regional and local governance came into conflict with the constantly decreasing effectiveness of central control. The relations between the national and sub-national regimes in the USSR can be described as “loyalty in exchange for non-interference.” Perestroika, accompanied by a large-scale change in the managerial cadres at the local level, dealt a powerful blow to the balance of power defining subnational authoritarianism. But the collapse of the Soviet Union, the processes of economic transformation, and the politics of institutional change, unleashed by the federal Center at the local level, quickly led to the replacement of the centralized subnational authoritarianism with decentralized subnational authoritarianism.

First, the unintended consequences of the dissolution of the USSR led to the substantial weakening not

only of the distributive, but also the coercive capacity of the Center. The side effect was the spontaneous transfer from the Center to the local level of the most important powers and resources, including the leverage capacity of institutional regulation and the coercive apparatus, which at times were de facto subordinate to regional political-financial (and criminal) groups. Second, the economic crisis of the 1990s weakened ties between the national economy and regional “closed markets”, which were only partially restored by the territorial expansion of the national financial-industrial groups at the beginning of the 2000s. Against the background of the spatial polarization and growing inequality both between regions and between municipalities within regions and the displacement of resource bases at the subnational level, these processes enabled the local elites to exercise greater control over economic resources. In particular, they played the role of “veto groups” in terms of property rights and concentrated in their hands control over budgetary flows, the share of which for subnational governments exceeded 60 percent of the overall Russian budget. Third, the federal policy of institution building in the area of regional and local governance was rather inconsistent; in general, it undermined the incipient efforts in many regions to establish political pluralism. Thus, in place of the excessive centralization of the Soviet period came the excessive decentralization of the 1990s.

#### The Decentralized 1990s

Although the characteristics of the decentralized political regimes in the regions and cities of Russia differed depending on the constellation of the elites in the various regions and cities, the majority of them demonstrated trends toward the establishment of decentralized subnational authoritarianism. The societal base of

these regimes included various social groups that were dependent on the regional and local authorities, such as public sector employees, local business, and local criminal groups, who gained an opportunity to legalize their activities by supporting the status quo. In several Russian republics, ethnic mobilization served as a means for strengthening the monopoly of the ethnic elites within the framework of subnational authoritarianism. The weakness of the political parties at the local level made it easier for regional and local leaders to monopolize power despite the conduct of competitive elections because they were not attached to any of the parties. For its part, the Center, unable to stop the development of subnational authoritarianism, tried to use the powers of the local leaders in order to preserve its own power in the course of competitive federal elections. The result of this was the policy of “selective appeasement” for some territories and the transfer of exclusive rights and powers to several regions. It is not surprising that most of observers deemed these trends as negative.

Many features of decentralized subnational authoritarianism in the Russia of the 1990s coincided with the characteristics of the American “political machines” at the end of the 19<sup>th</sup> and early 20<sup>th</sup> centuries. In both cases, subnational regimes were inherently defined by patrimonial control over political processes at the local level, political influence at the federal level, and a monopoly of ties with federal actors. Additionally, the national parties in both cases were weak and the ties of local leaders to them were ad hoc, they both had high levels of economic monopolization and corruption and a tendency for economic interest groups to capture the state. But there were significant differences between the Russian and American cases. First, in contrast to the US, in Russia demand to undermine the subnational authoritarianism from below at the local level was rather weak and no equivalent of the reformist (“progressive”) movement materialized. Second, if in the US at the beginning of the 20<sup>th</sup> century, federal political and economic actors sought to undermine the “political machines,” in Russia such alliances did not develop due to the policy of the Center. In the 1990s, the Center did not have the resources to fight subnational authoritarianism and had to accept it as a given, while in the 2000s the Center used its opportunities to co-opt subnational authoritarianism “from above” into a national system of authoritarian governance.

### Recentralization in the 2000s

The policy of recentralizing governance, begun in 2000 at the initiative of Vladimir Putin, became the answer to these challenges. It sought to restore the Center’s con-

trol over the coercive and distributional capacity of the state, which in the 1990s ended up under the control of local actors. The administrative recentralization (including the return to the Center’s control over regional branches of federal agencies), and the recentralization of economic resources (which led to the increased concentration of financial resources in the hands of the Center at the expense of the regional and local elites), were only some of the consequences of this policy. What was its influence on subnational authoritarianism in Russia?

The restoration of central control squeezed the local actors to the periphery of national politics and policy – their role in federal decision-making dropped sharply and this reduced influence was institutionalized in such changes as the reform of the Federation Council and the introduction of the proportional electoral system in the State Duma elections. Nevertheless, dictating from above to local actors through the means of the centralized state apparatus had only a limited impact. At the subnational level, the Center was not able to take control of local regimes exclusively through the use of administrative measures because many of these regimes by the beginning of the 2000s had been able to eradicate the autonomous potential of the opposition in the form of local business, legislatures, and political parties. Therefore, the most important instrument for restoring central control was through institutional changes and, in particular, transferring the influence of national political parties from the national to the regional and local levels. At the initiative of the presidential administration, starting in 2003, regional legislative elections had to be conducted with a mixed electoral system, making it possible to strengthen the influence of national parties in the regions, particularly the main weapon of the Kremlin – United Russia. However, this reform had only a limited impact in terms of strengthening central control over local leaders. In fact, stimulating inter-party competition increased the availability of political alternatives at the regional and local levels, which could in the future facilitate efforts to undermine subnational authoritarianism. Such a political trend could hardly fit the plans of the country’s leaders, who were above all interested in holding onto power in the wake of the 2007–2008 federal elections. Their political survival could be assured most easily by including the local “political machines” in a nation-wide political “convoy”. Therefore the Center’s 2004 decision to abolish direct popular elections for governors was a logical continuation of the policy of recentralization.

Introducing the effective appointment of governors essentially put in place a new informal contract between

the Center and local leaders, which resolved the problem of mutual commitments that had earlier prevented United Russia from becoming a dominant party. The institutional changes also provided new incentives for the behavior of local leaders, who had to demonstrate their loyalty to United Russia while not giving up their previous opportunities to diversify their political investments. It was therefore no surprise that in the 2007 State Duma elections, 65 of 85 governors joined the United Russia list. For its part, the Center generally sought to preserve in power the existing regional leaders to take advantage of their ability to deliver votes for the Center in the federal elections. It was precisely this ability to control the local electoral process through any means necessary, rather than effective regional and local governance, that guaranteed the continued political survival of the governors appointed by the Kremlin during the 2007–2008 electoral cycle. The compromise between the federal and local leaders, achieved on the basis of the scheme “monopoly control on power in exchange for the ‘correct’ results in the elections” was the most important part of Russia’s subnational authoritarianism.

The centralization of subnational authoritarianism and the transformation of its foundation from a purely personalistic to a party base strengthened the local regimes since the “political monopoly of the governors should coincide with the monopoly of United Russia in all meaningful electoral positions at the regional and local levels.” The economic base of the centralized subnational party authoritarianism is a system of politically-driven exchanges of resources between the Center and regional and local authorities. Large corporations also supported this economic base because they had expanded their influence at the local level during the 2000s and became interested in supporting the status quo there. They were likewise politically dependent on the Center. In contrast with the 1990s, the social base of subnational (as well as national) authoritarianism grew due to the expansion of the urban middle class, which was prepared to support the status quo in conditions of economic growth and the consumer boom and was not inclined to violate the evolving political balance of power.

### **Today’s Centralized Subnational Party Authoritarianism**

The centralized subnational party authoritarianism that evolved in Russia during the 2000s significantly differs from the centralized bureaucratic model practiced in post-Soviet Central Asia and Belarus, and the model of decentralized subnational authoritarianism of the

1990s. Rather, its characteristics are more similar to the centralized subnational party authoritarianism of Southern Italy in the 1950s–1980s. The main similarity is not only the predominance of patron-client ties, the negative incentives to be loyal among local actors and the insignificance of their compensation from the ruling groups, but also the absence of significant forces capable of undermining the local regimes from below. The main difference in the Russian case is the political monopoly of the dominant party not only at the subnational level, but also at the federal level, making it comparable to the cases of Mexico in the 1930–1980s and the USSR.

Indeed, comparing today’s subnational regimes in Russia with the practice of regional and local management of the Soviet period provides a basis for a series of parallels. As it was 30–40 years ago, Russian regions and cities are ruled by bureaucrats who are de facto appointed by the Center with only formal approval by the local elite. Their ability to resolve the most important economic issues – ensuring the development of the territory and attracting resources from outside – as before depends on the effectiveness of informal lobbying in the Center. Their opportunity for political maneuvering at the local level and beyond its borders is limited by the structure of economic interest groups at the level of the regions and cities. Similar also is the tendency for the local authorities and economic actors to establish mutual ties along corporatist models. And, although United Russia is not a reincarnation of the CPSU, and the role of today’s corporations, led by Gazprom, has little in common with the dictates of the former nation-wide branch ministries, the non-competitive nature of the federal and subnational regimes and the monopolization of the economy, though no longer based on central planning but on extracting resource rents, makes it possible to identify many similar trends. The Center, as in the Soviet period, seeks to minimize the loss of its control over the local elites, rushing to redistribute rents among the local lobby groups and selectively repress those who fall under the dispensation of mid-level bureaucrats. Therefore again, as in Soviet times, there is a spontaneous transfer of powers and resources from the Center to local leaders (especially in the republics) within the framework of an informal contract exchanging loyalty for non-interference.

The Russian subnational authoritarianism of the 2000s completed a U-turn from the decentralized to centralized party model according to the scheme “back in the USSR.” In contrast to the decentralized subnational authoritarianism, which was a temporary and

transitional phenomenon in the process of state and institution building, centralized subnational authoritarianism is much more stable. Its framework is based, first of all, on a concentration of the coercive and distributional capacities of the state in the hands of the ruling group in the Center, which is able to block efforts to undermine the status quo at the local level from above, and, second, the lack of influential actors capable of carrying out such an undermining from below. From this point of view, centralized subnational party authoritarianism can be stable. The experience of such regimes from southern Italy to Mexico shows that their undermining is more likely as a result of the collapse of the national regime and/or the party system, than under the influence of their internal evolution at the local level. Therefore one can predict that in the short-term there is little reason to expect that subnational authoritarianism in Russia will significantly weaken or fall of

its own accord. In fact, even the possible potential liberalization and democratization of the regime at the national level does not guarantee the undermining of the local regimes. In addition to the historical legacy of the Soviet (and pre-Soviet) period, the formation of a new institutional legacy in the 1990s and especially in the 2000s hinders the undermining of subnational authoritarianism in Russia.

One can expect that in the short-term, with the preservation of the current Russian national and local regimes, there will be a further conservation (if not stagnation) of subnational authoritarian regimes. Also, the chances for fully-fledged democratization of the Russian national political system and the chances for the effective state building needed to create the conditions for the successful development of its cities and regions depends ultimately on the overcoming of subnational authoritarianism in Russia.

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## Analysis

### Who Governs?

### The Transformation of Sub-Regional Political Regimes in Russia (1991–2009)

By D. G. Seltser, Tambov

#### Abstract

In the post-Soviet period, Russia's city and local district leaderships were variously appointed (1991–1994/1996) and elected (4 election cycles: 1994–1996; 1998–2001; 2003–2005; 2008–2010), leading to significant changes in these leaderships. Based on the oblasts of Ryazan, Samara, Tambov, and Ulyanovsk and the republics of Mordovia, Udmurtia and Chuvashia, this article examines the political transformations of local government regimes through an analysis of elites. It seeks to address the following questions: What changes have occurred in the make-up of city and district mayors? What are the dynamics for removing leaders? Who are these people? Who are their support base and who are they answerable to? Summarizing this data makes it possible to address the key question: Who makes political decisions in local government?

#### The Evolution of Local Government Leadership

##### *Appointments 1991*

In the initial post-Soviet period, Russia did not hold "founding elections." Instead, President Yeltsin directly appointed regional leaders, first as representatives of

the president, and then as governors. Once these positions were filled, he also appointed mayors. In the absence of comprehensive information and reliable surveys from the local districts, Yeltsin and his team chose leaders based on their estimates of who would be the most loyal to the federal center and they generally succeeded in this task as the officials indeed remained loyal.

The appointed local government leaders in 1991 had the following career backgrounds:

- 16.6% CPSU city or district committee 1st Secretary
- 1% CPSU city or district committee 2nd Secretary
- 4% Soviet Chairman/Deputy Chairman
- 54.8% Executive Committee (Ispolkom) Chairman/Deputy Chairman
- 17.6% Enterprise Directors
- 6% Other posts

Accordingly, around 60 percent of the sub-national leaders Yeltsin appointed came from the Soviet nomenklatura. On the basis of these figures, it is clear that the new office holders in post-Soviet Russia differed little from the previous incumbents. Therefore, the aim of these appointments was not to transform the composition of the local government elite, nor to remove the presence of the previous party nomenklatura from the positions they occupied.

#### *First Electoral Cycle (1994–1996)*

The first cycle of elections to local government took place within 5 years of the collapse of the Soviet Union. These elections were hotly contested, ideological, and pitted the “communists” against the “democrats.” In this context, 13.6 percent of the newly-elected heads of the city and district administrations (mayors) were former Communist Party first secretaries, 38.2 percent were former soviet leaders and 48.2 percent were representatives of the former economic nomenklatura. The nomenklatura’s declining fortunes did not occur simply as a result of inter-group tendencies, but as part of more widespread removal of previous political representatives. Overall, the population voted for the Communist Party of the Russian Federation and its protégés, but refused to place its trust in the former nomenklatura of the Communist Party of the Soviet Union.

#### *The Second Electoral Cycle (1998–2001)*

In the course of the second electoral cycle, the pragmatic political elite consolidated their positions in the face of imminent conflict caused by the dead-end nature of Russia’s bipolar political conflict. As a result, personal relations and alliances became a key political factor. In these conditions, the number of former CPSU first secretaries who continued to serve as executives fell to 11.1 percent. It was clear that they were no longer capable of holding on to power. Indeed, the soviet nomenklatura also lost some of their positions (falling to 25.6%), while the economic nomenklatura of Soviet period lost even more positions (dropping to 20.6%). The big-win-

ners of the elections were non-nomenklatura entrepreneurs (the newly wealthy agriculturalists, businessmen, soldiers, policemen etc; 42.7%).

#### *The Third Electoral Cycle (2002–5)*

The early years of the Putin presidency were marked by a “verticalization” of administrative reforms – aimed at returning powers to the federal center and ending the growing trends toward regionalization in the post-Soviet period. In this political situation, the number of former officials of the Communist Party of the Soviet Union in top jobs within subnational government dropped to just 6 percent. At the same time, representation of the soviet nomenklatura and Soviet-era economic nomenklatura fell to 10.6 percent and 9 percent respectively. The non-nomenklatura entrepreneurs increased their representation to 72.4 percent. After the 2005 elections, party first secretaries and most other officials who were part of the Soviet nomenklatura had been fully cleansed from government.

#### **Local Elections in Tambov Oblast**

After 2004, we shifted focus from looking at numerous regions to examining elections taking place in Tambov Oblast.

#### *The Fourth Electoral Cycle (2008–10)*

In the first year of the current electoral cycle (2008), elections took place in 10 out of 30 local government districts in Tambov Oblast, making it possible to draw a number of conclusions about key points in the elections.

*Incumbency* – In these elections, only a third of the incumbent mayors were able to hold onto their offices. We should not draw hasty conclusions about the turnover of mayors from the beginning of the fourth cycle, because the Tambov data should be double-checked against data from other oblasts and regions, or at least against the remaining rounds of elections in the fourth cycle of Tambov oblast (due to be held in March 2010). Nonetheless, it is important to understand the circumstances in which the replacement of mayors in Tambov took place in 2008.

An important aspect to note about these elections is that only in three of the ten cases were elections held as originally scheduled. In the other seven cases, the elections were held earlier than planned. In the majority of these cases, this was because criminal cases were launched against the incumbents.

*Who won the elections?* Another revealing trend is that of the ten newly elected mayors – five are the rich-

est people in their district. These candidates reached agreement with those responsible for the “electoral process” in the district, thus ensuring themselves victory. The rest are municipal civil servants. These public officials were able to win their elections by using ties to the same business groups as the rich candidates, connections with the oblast administrations, and their own managerial experience.

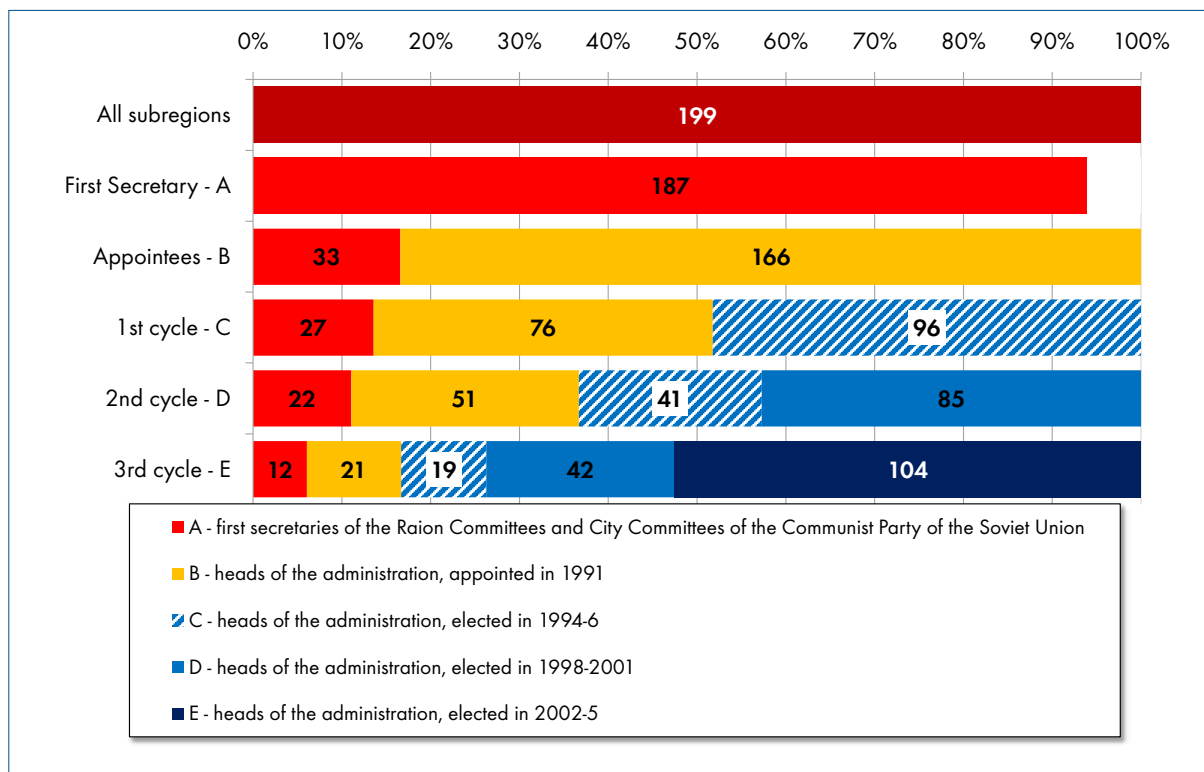
*Party membership.* The significance of party-membership in determining local electoral outcomes should not be overestimated. It is clear that in today’s Russia decision-making functions are no longer located within the party apparatus, not even within United Russia (UR). The UR regional executive committee typically only reveals its endorsement of a candidate after the governor’s decision. In a number of *raions*, party discipline broke down. At times leaders of the local branches of United Russia stood against one another. Indeed, only 38 percent of the candidates for the post of head of a local district revealed their party membership. These were the representatives of United Russia and Just Russia. None of the businessmen candidates stood as candidates of United Russia. There were no candidates from the Communist Party of the Russian Federation. Indeed, the only Communist who sought to run was denied registration.

*Clearing the field.* The authorities actively refused to register or annulled the registration of candidates they did not support (15 cases). This was carried out in different ways. Typically, the authorities acted harshly against those individuals who have a history of registering and then voluntarily withdrawing their candidacy, thereby making a significant sum of money. In one prominent case, the authorities refused to register a candidate from the pro-Kremlin party Just Russia, who had financial backing from a businessmen who was the strongest critic of the governor in the region. The central party leadership offered this candidate the opportunity to use the Just Russia party label even though Tambov party officials had refused to give it to him.

### Modelling the Replacement of Local Leaders

Diagram 1 illustrates the dynamics in the makeup of Russia’s mayors from 1991 to 2005. The table examines 199 city and neighborhood mayoral positions. The diagram shows that raion and city party first secretaries (category A) held 94 percent of the local leadership posts before 1991 (187 seats out of 199). However, when Yeltsin made his appointments, their representation fell to 16.6 percent and over time dropped to 5.5 percent

Diagram 1: The Dynamics in the Makeup of Russia’s Mayors from 1991 to 2005



through three electoral cycles. Moreover, it should be noted that between 1985–1991 there were around 475 such first secretaries. By the end of the third electoral cycle, only 12 of them remained.

Also, Yeltsin-era appointees (Soviet nomenklatura; who predominantly make-up category B), are steadily disappearing. Until recently, they still represented a quarter of all the heads of administration, but this figure is now down to 10.6 percent. At the end of the third cycle, their representation was only slightly greater than that of the former first secretaries – with 21 posts.

Thus, the old power-brokers of the Soviet Union, the party officials and Soviet nomenklatura (A+B in the table), are still present as heads of local governmental districts, making up 16.6 percent of such posts (6.0% + 10.6%), but they are quickly disappearing.

The table also shows that the winners of the first electoral cycle (C) have fared even worse than those appointed by Yeltsin. This group has gone from comprising 48.2 percent of the posts of heads of local government in 1996 to only 9.5 percent a decade later. The explanation for this is fairly simple: the winners of first electoral cycle were those able to win within the framework of the traditional “communist versus democrat” paradigm. Once the elections stopped being decided on the basis of ideology, these types of candidates no longer won. In the author’s view, the first electoral cycle led to a lot of opportunists winning elections. Although, these opportunists were from outside the frameworks of former CPSU party-membership or Soviet nomenklatura, they also were not the economic power-brokers who came to dominate later elections.

The attempt of the winners of the 1998–2001 elections (D) to hold onto their positions failed, and their representation among Russia’s mayors fell from 42.7 percent to 21.1 percent by the end of the next electoral cycle. Inter-clan rivalry explains these changes. Indeed, even within the parameters of a single clan the rotation of personnel is an ordinary phenomenon.

The success of the “first timers” (E) in the third electoral cycle is in some ways impressive – since they managed to win 53.3 percent of the positions, but at the same time it is not considerably better than that of the two previous waves (C and D) of new electoral winners.

Thus, the table highlights that following each local electoral cycle in post-Soviet Russia, there is always a turnover in personnel of around 50 percent. At the beginning of the fourth cycle, the figure grew to 66.7 percent.

## Conclusion

This article has sought to show that the characteristics of the heads of local governmental districts in post-Soviet Russia have changed from the start of the 1990s to the present:

1. In the early Yeltsin period, the local elite was made up of the Soviet nomenklatura (chairmen of the city and district executive committees)
2. In the mid-1990s, it was the economic nomenklatura (directors of factories, construction organizations and state farms; representatives of kolkhozes)
3. At the end of the 1990s – non-nomenklatura economic power-brokers (people from the real sector of the economy, who typically held third or fourth tier positions in the Soviet era)
4. From the start of the 2000s – non-nomenklatura power-brokers (outsiders during the Soviet era and those who became wealthy during the 1990s) and municipal public servants.

What were the results of the elite transitions in post-Soviet Russia? The events of 1991 brought to government the second echelon of nomenklatura and, to a lesser degree, members of the intelligentsia. From 1991 there was extensive turnover in local government personnel. In the course of the electoral cycles of 1994–96, 1998–2001 and 2002–2005 the winners were non-ideological figures, connected with business and local communities. Around these figures, clans formed that were united by common interests and personal dependency. A key late-Yeltsin tendency was the blurring of political and economic elites, and the emergence at the local level of political-financial conglomerates, who sought to become the dominant actors in local politics and business. At the present time, there are post-nomenklatura clans within local governmental politics, a group of people drawn overwhelmingly from the heads of industry who are sending their own people to positions of power,

Thus, the author’s answer to the question “Who governs?” is: representatives of business elites and the managers hired by them, in essence – local clans.

In his classic book *Who Governs?* Robert Dahl provided an in-depth analysis of the changing elites in the US city of New Haven. He found that aristocrats, businessmen and “ex-plebeians” occupied the key positions of authority. In the Russian case, it is possible to say, that the nomenklatura of the traditional party-Soviet career represent a certain form of “aristocracy.” The entrepreneurs of the mid-1990s are equivalent to the American businessmen. And Russia’s current mayors correspond to the “ex-plebeians” Dahl defined. They all became rich in the 1990s (among them are agrarians, engineers,



even former police and decommissioned military officers), and won election to local government in order to protect their business interests. These people now hold power in local government. The one other type of local government leader beyond the categories that Dahl

identified is the municipal civil servant, who most often are placed in important position by the same business interests that reach agreement with the regional political power-brokers.

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## Analysis

### Valentina Matvienko's Second Term: From Ambitious Projects to Threats of Removal

By Daniil Tsygankov, St. Petersburg-Moscow

#### Abstract

Three years after President Vladimir Putin appointed her to a second term as governor of St. Petersburg, Valentina Matvienko's position seems secure, particularly since she maintains close relations to Putin. The city economy suffered a serious drop in output thanks to the global financial crisis, but now a slow recovery has begun. However, critics have pointed out that the city's anti-crisis policies support large-scale construction projects at the cost of medium and small business, which are respectively more stable financially and provide many jobs. The city leaders also have not implemented an innovative plan for overhauling the structure of the city economy.

#### 2006: Matvienko at the Top of Her Game

Three years ago St. Petersburg Governor Valentina Matvienko was at the height of her political influence in St. Petersburg. At the end of 2006, President Vladimir Putin appointed her to a second term as governor. To this day, Matvienko continues to maintain Putin's confidence.

In fact, by the end of her first term as St. Petersburg's governor, Matvienko had managed to merge into one team two initially competing coalitions in the city government: the Komsomol alliance headed by Vice Governor and Chief of Staff Viktor Lobko, and the "PSB Fraction" headed by the curator of the financial-economic bloc Mikhail Oseevsky.

Moreover, to Matvienko's benefit, Presidential Envoy to the NorthWest Federal District Ilya Klebanov did not succeed in creating a second power base in the city as had been the case from 2000 to 2003 when then Governor Vladimir Yakovlev faced opposition from Presidential Envoy Viktor Cherkesov. And the apparent threat never materialized from Deputy Governor Yury Molchanov, appointed in 2003 by Putin himself according to many analysts (others say that Federation Council Speaker Sergei

Mironov was his sponsor). Although Molchanov seemed to offer political competition for Matvienko at first, he ultimately preferred to limit himself to the position of an observer in the battle between the two main coalitions and focused on lobbying for construction companies working with the LSR Group, which his son heads.

At that time, Matvienko was so confident in her position that she began to circulate a plan to merge St. Petersburg with the surrounding Leningrad Oblast, ignoring the obvious objections of Leningrad Governor Valery Serdyukov. However, with the election of Dmitry Medvedev, with whom Serdyukov had built good relations, this plan was pushed to the back burner.

#### Executive-Legislative Relations During the Second Term

With her ostensible support for United Russia, Matvienko managed to do well during the March 2007 elections to the city council. United Russia did not manage to win a majority of the seats thanks to the successful performance of Mironov's Just Russia, making the council even more dependent on the coalition building skills of the governor's representative. Immediately

after the election, the two parties immediately confirmed the status quo: in exchange for reelecting United Russia's Vadim Tyulpanov as chairman, the body returned Mironov as its representative to the Federation Council. After August 2008, the council's dependence on the governor became even more pronounced since it sought to avoid any serious conflicts and did not publicly criticize the executive branch, claiming that overcoming the crisis required unity.

During the three years of Matvienko's second term, the city government suffered only two serious crises. The first crisis occurred when Matvienko tried to consolidate her power after her appointment to a second term. At the time, experts and the press thought that the main opposition to her "Komsomol" team came from representatives of the PSB bank. However, in reality, this other coalition did not represent the bank but the key members of the Petersburg elite now based in Moscow, particularly Putin and Duma Speaker Boris Gryzlov. Matvienko only involuntarily supported such a configuration of power and sought to limit the influence of the "Muscovites" by personally intervening into the details of all measures adopted by Oseevsky and the then chairman of the government's Committee for Economic Development, Industrial Policy, and Trade Vladimir Blank. However, the governor lacked the economic competence to deal with such matters and there was much that she clearly did not understand, which openly upset her. In an effort to counteract this pressure, Oseevsky formed a team of like-minded supporters, which outside observers described as a political coalition. However, as soon as Matvienko stopped intervening in all the details of his work, Oseevsky's need for the team of supporters fell. Moreover, as now is clear, Oseevsky entertained his own gubernatorial ambitions and preferred to remain loyal to his immediate superior.

Thus, the key personnel appointments in the first half of 2007 were not particularly important and were directed mainly at strengthening the governor's position as the supreme arbiter among the city's various political groups. Accordingly, she appointed Aleksandr Polukeev, whom she had known since Soviet times as someone who got things done, as a deputy governor to balance the power of Viktor Lobko. Even though Lobko had demonstrated loyalty to Matvienko, she took precautionary measures to weaken the influence of her deputy. She was upset because during the elections to the city council, Lobko had practically openly sympathized with (and secretly helped) Just Russia even though he knew that there were strained relations between Matvienko and Just Russia leader Mironov.

The second wave of personnel changes took place in the heat of the economic crisis, in February 2009. First Matvienko removed her two key deputy governors – Lobko and Polukeev. The media explained this move with the necessity of blaming someone for the insufficiently good results from the 2008 presidential election, in which the St. Petersburg United Russia scored one of the lowest returns in the country. Some insiders even interpreted these events as a signal that Matvienko herself was about to lose power. The new "first" deputy governor, Aleksandr Vakhmistrov, the last holdover from the governorship of Vladimir Yakovlev, had never been close to Matvienko, served and serves as a lobbyist for the construction sector, and thus is not the kind of bureaucratic organizer that Lobko and Polukeev were. All these moves seemed to replicate the replacement of Yakovlev, when shortly before his removal, Kurortny Raion head Aleksandr Beglov was appointed first deputy governor and then prepared the transition to Matvienko in the capacity of acting governor between June and December 2003. For these services, he was appointed to a post in the presidential administration, where he continues to serve.

Some insiders suggested that the newly elected president Medvedev had no particular sympathy for Matvienko – in contrast to Prime Minister Putin – and preferred to see Oseevsky in the governor's seat. The most important bureaucratic signal for such conclusions was the memorandum Medvedev signed in 2008 thanking Oseevsky "for his large contribution in implementing the state plan in developing managers." This presidential note of gratitude drew attention because it thanked Deputy Governor Oseevsky directly, over the head of the governor, which is a rarity in Russia's bureaucratic practice. Formally, the position of deputy governor is not on the list of offices under the president's control.

Despite these signs of possible change, it is now possible to conclude that Matvienko has managed to stabilize the situation. Since she continues to maintain the confidence of Putin (seeking his agreement for the most important financial and investment decisions) and the support of Gazprom (possibly at the cost of supporting the controversial decision to build the Okhta-City skyscraper, transforming the city's skyline), there are no threats to Matvienko's position.

### **The Development of the City's Economy**

At the end of 2007, the Committee on Economic Development, Industrial Policy, and Trade developed a prognosis for the social-economic development of St. Petersburg from 2007 to 2011. According to this plan,

the city's economy should grow at a rapid pace, nearly doubling over four years, with the gross regional product (GRP) growing from 1,074 billion rubles to 2,060 billion rubles. Moreover, the key components of regional output should change over time. The share of industrial production in GRP should drop 1–2 percent a year as the transfer of industrial enterprises from the city center to its periphery will change the overall structure of the city economy. Moreover, quick growth in other industrial clusters (machine building, ship building, and automobile construction) will be held back by the shortage of highly-skilled workers and the lack of investment to update existing infrastructure. The administration hopes to use the space freed up downtown to develop tourism, business-infrastructure, and the service sector.

Against this background, the governor's administration set the following investment priorities: First were the automobile and associated sectors, with the intention that these would become the locomotive for the rest of the economy. Second was investment in housing construction in order to implement all of the city plans that sought to reduce the wait for housing. Third was construction of office space in downtown premises that previously had housed industrial enterprises, which had been moved to the suburbs. The fourth priority was investment in transportation infrastructure (the Orel Tunnel, Sea Passenger Terminal, Western High Speed Highway, etc). Rounding out the top five were investment in ship building and, to some extent, regional energy supply. Among the most ambitious projects were the construction of a new stadium for the Zenit soccer team, which that year had become the Russian champion, and Gazprom's Okhta-City project.

The global financial-economic crisis which began in the fall of 2008 forced the city leaders to amend these ambitious plans. Industry, which had been successfully developing through the third quarter, experienced a real shock in the fourth quarter. In December 2008 demand for electricity from industrial enterprises in the city dropped 29 percent, reflecting the 30 percent decline in output that month. Typically, Russian factories dramatically increase output in the last month of the year as they seek to fulfill annual targets. According to railroad statistics, the extent of freight hauling in the fourth quarter also dropped 35–45 percent. Almost all sectors of St. Petersburg's industry experienced a drop in output during the fourth quarter. The financial sector survived the crisis in slightly better shape, though several medium-sized banks collapsed.

In 2009 the city leaders' basic anti-crisis policy could be characterized as a continuation in financing for key

projects that were almost completed. In the future, the city would concentrate its resources on two projects: construction of the Western High Speed Highway and the Zenit stadium. The city would reduce or zero out its participation in other projects. In other words, the city's policy amounts to supporting big construction projects while ignoring the plans of medium and small business. Several experts believe such a course is mistaken because medium-sized business produces the most stable results in terms of generating taxes and financial health, while small business provides work for a respectable number of people.

Beginning in 2010 the city plans to borrow money to cover its expenditures, including through selling bonds valued in rubles. Given the current distribution of power in the city government, the only sector that is likely to receive real support is construction, which traditionally has the strongest political lobby.

Gazprom's Okhta-City will be an exception. Despite serious opposition from educated circles in the city and at the national (Federation Council Speaker Mironov and Culture Minister Avdeev) and international levels (UNESCO), Gazprom head Aleksei Miller consistently supports this construction project. Given the overall reduction in Gazprom's investment program, psychological factors explain this support: he wants to build something big for his hometown comparable to the soccer stadium.

Petersburg cannot expect significant help from the federal budget, while other regions will suffer even worse fates. However, several strategic enterprises can theoretically count on some support. The Russian government and the Ministry of Regional Development prepared the list in December 2008, but has made several changes since then, likewise opening the door for the possibility of changes in the future.

Nevertheless, several trends in previous months suggest that a revival of the economy is not far off. According to headhunting/recruiting companies, demand for specialists is up 60 percent since the beginning of the year, though before the crisis there was likewise demand for unqualified workers. This demand is particularly strong in the machine building and chemical sectors, which suggests that these sectors will soon become more lively.

If the second wave of the banking crisis in Russia, forecast in connection with a non-payments crisis at the beginning of 2010, does not hit Petersburg particularly hard, one can hope for an improving economy in the near-term future. The main locomotives will be construction, machine building, chemical industries

and specific sectors of the food industry, such as tobacco and beer. However, the city government's inert anti-crisis policy does not provide hope for a significant

return to growth or an innovative restructuring of the city economy.

*About the Author*

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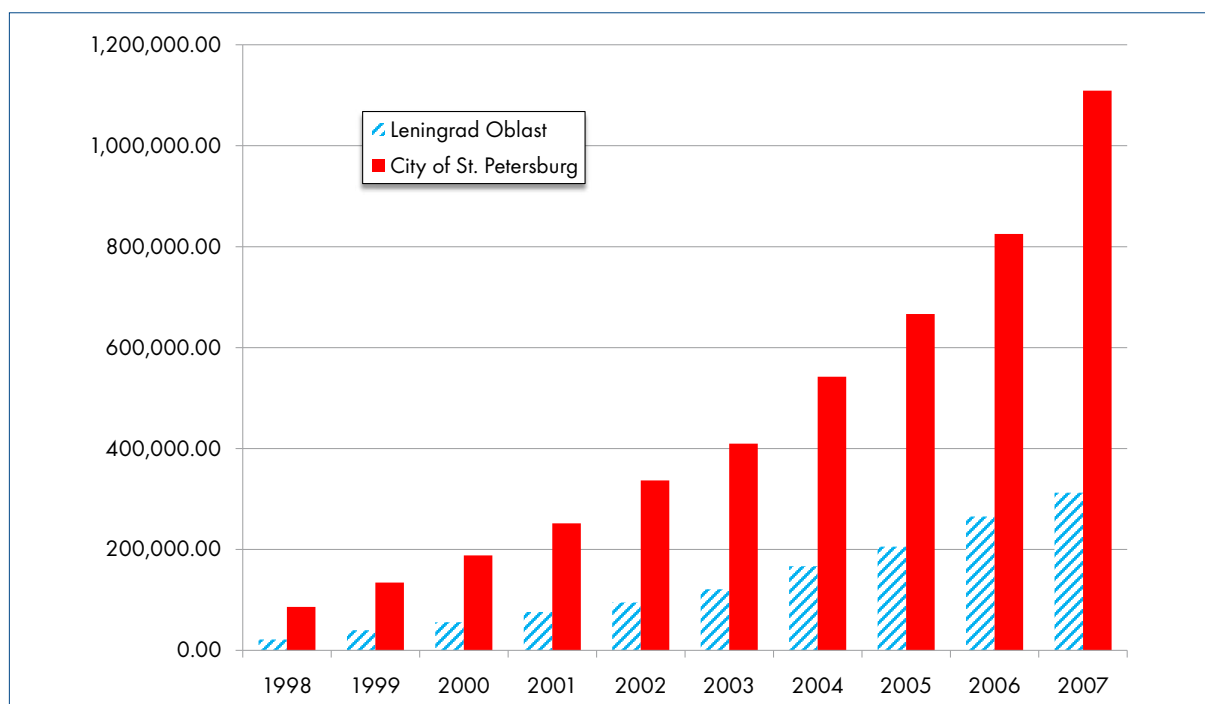
*Recommended Reading*

- Daniil Tsygankov, "St. Petersburg Politics. Putin Backs Matvienko for a Second Term," *Russian Analytical Digest*, no. 12, 19 December 2006.
- Daniil Tsygankov, "Matvienko Takes Control in Petersburg," *Russian Regional Report*, vol. 9, no. 9, June 2004.

**Tables and Diagrams**

**GRP of St. Petersburg and Leningrad Oblast**

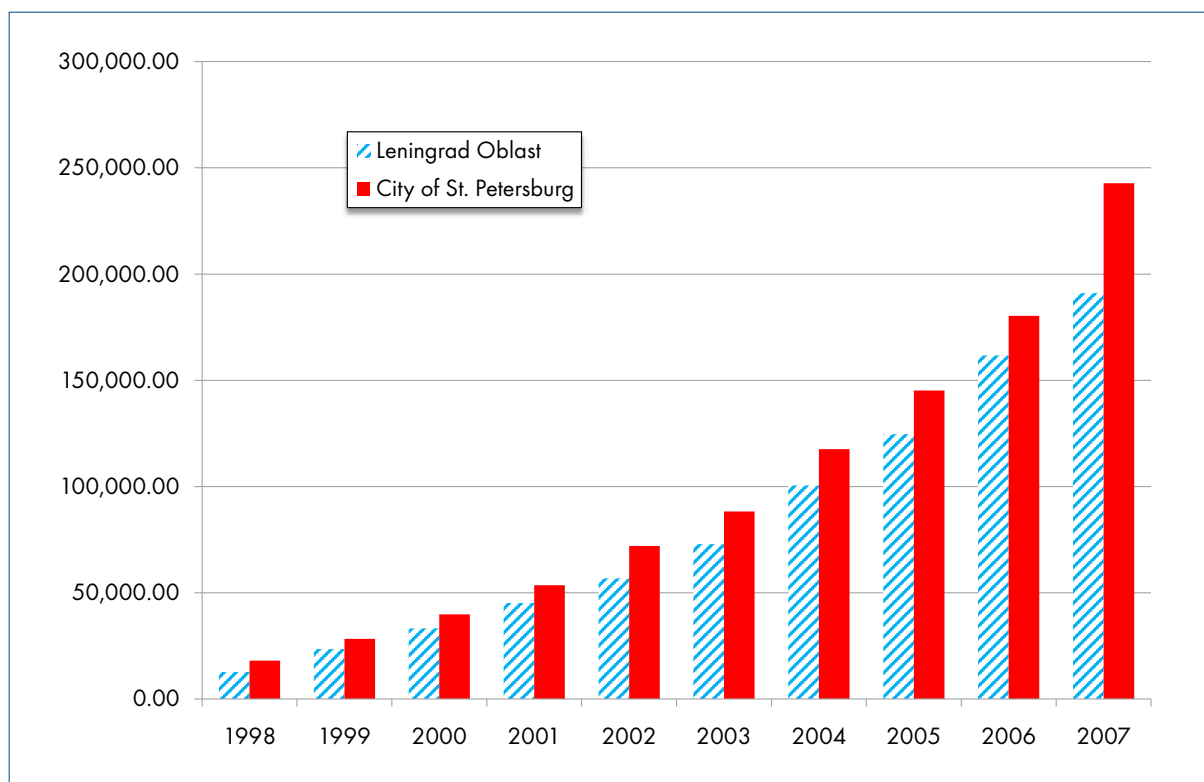
**Diagram 1: Gross Regional Product (GRP) of Leningrad Oblast and St. Petersburg City 1998–2007 (mln. rubles, current prices)**



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Leningrad Oblast	21,515.90	39,742.80	56,001.90	75,858.60	94,747.00	121,222.30	166,445.00	205,416.90	265,260.40	312,405.00
City of St. Petersburg	86,112.20	134,354.20	188,243.00	251,654.40	336,692.30	409,638.50	542,359.20	666,392.80	825,102.30	1,109,297.40

Source: Russian Federal State Statistics Service, [http://www.gks.ru/bgd/free/b01\\_19/IssWWW.exe/Stg/d000/vrp98-07.htm](http://www.gks.ru/bgd/free/b01_19/IssWWW.exe/Stg/d000/vrp98-07.htm)

**Diagram 2: Gross Regional Product Per Capita of Leningrad Oblast and St. Petersburg City 1998–2007 (rubles)**



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Leningrad Oblast	12,708.00	23,516.40	33,265.10	45,248.20	56,738.10	72,871.90	100,484.80	124,615.50	161,664.00	191,009.90
City of St. Petersburg	18,024.90	28,247.00	39,811.10	53,525.30	72,059.80	88,278.40	117,596.40	145,173.80	180,314.70	242,755.00

Source: Russian Federal State Statistics Service, [http://www.gks.ru/bgd/free/b01\\_19/lssWWW.exe/Stg/d000/vrp98-07.htm](http://www.gks.ru/bgd/free/b01_19/lssWWW.exe/Stg/d000/vrp98-07.htm)

## Analysis

### Tyumen Oblast: The End of a Decade of Quiet

By Sergey Kondratev, Tyumen

#### Abstract

Tyumen Oblast produces most of Russia's oil and natural gas and tax revenues from this output has helped provide for political stability in the region. Now, the federal government is planning to redirect these financial flows to Moscow. The loss of this income in Tyumen has the potential to reignite the tensions that divided the region in the 1990s.

#### Russia's Oil and Gas Powerhouse

Tyumen Oblast is a region with a complex structure. Within the oblast are the Khanty-Mansii and Yamal-Nenets autonomous okrugs, which are simultaneously constituent parts of the oblast and of equal rank with it. The okrugs produce 67 percent of Russia's oil output and 91 percent of its natural gas. The producers of these resources include some of Russia's largest companies: Gazprom, Rosneft, Surgutneftegaz, Gazpromneft, and LUKOIL. The southern part of the oblast is an agricultural zone with several industrial enterprises, the largest of which is the Tobolskii Petrochemical Combine. The oblast's overall population is approximately 3.4 million individuals, which includes a half million in Yamal-Nenets, 1.5 million in Khanty-Mansii, and 1.3 million in the south.

#### The Open Politics of the 1990s

In terms of its politics, the Tyumen Oblast of this decade is strikingly different from the Tyumen Oblast of the 1990s. The key parts of this "nesting doll" region are the gas-producing Yamal-Nenets and the oil-producing Khanty-Mansii, whose inequality in relation to the oblast authorities sets the terms of the relationship. The two okrugs and Tyumen Oblast are equal subjects of the Russian Federation, which creates legal and political difficulties: formally the oblast has a consolidated budget and the supreme state organs are the Tyumen Oblast Duma (the elections to which are conducted in all three regions) and the oblast government. However, in practice, only the south falls under the jurisdiction of these bodies. The okrugs are de facto absolutely independent: they have their own governors, Dumas, and budgets. Only the southern parts of the oblast follow the oblast budget and laws.

Today the long-serving governors of the okrugs, Yuri Neelov in Yamal-Nenets and Aleksandr Filipenko in Khanty-Mansii, have likely forgotten the dramatic battle they waged with Oblast Governor Leonid Roketskii in the 1990s. Under the slogan "fighting with separat-

ism," Roketskii tried to redirect south some of the profits from energy production that then flowed into the northern okrugs. During the 1990s, these political battles were fought in the open and were personified in the struggle between the heads of the resource okrugs and the oblast administration located in the southern agricultural area. The political parties existing then were weak and did not play a significant role. Rather, this was a confrontation between the elites and the administrative resources they wielded. The key moments were the oblast's gubernatorial election in 1996, which the okrugs either completely (Yamal-Nenets) or partially (Khanty-Mansii) ignored, and the gubernatorial elections of 2001, in which the northern candidate Sergei Sobyenin defeated Leonid Roketskii.

#### Sergei Sobyenin and the Okrugs, 2001–5: Compromise from a Position of Strength

The election of Sobyenin as governor marked a change in the political order in Tyumen Oblast. Although he also came from the north, the new oblast leader differed from the governors of the okrugs in that he had good contacts at the federal level and the possibility of winning a political promotion from Siberia to Moscow. Before his election as governor, he had served as the chairman of the Khanty-Mansii Duma, a member of the Federation Council, the upper house of the national parliament (1996–2000), and the first deputy presidential representative in the Ural Federal District (2000), where he gained a reputation as a public servant with the qualities of rationality, pragmatism, and "sistemnost." Sistemnost is a word that became popular in the Russian political lexicon at the beginning of the 2000s. It replaced the politically incorrect term obedient (*poslushanie*) and describes someone who is prepared to implement any decision handed down from above. Sobyenin demonstrated his systemic character in the Federation Council, where he chaired the commission set up to deal with the scandal caused by Procurator General Yurii Skuratov. [Skuratov provoked the Kremlin's ire by inves-

titating corruption at the highest levels of Russian politics.] At this time, Vladimir Putin was the head of the Federal Security Service and presumably had contact with Sobyenin. After the Kremlin secured Skuratov's removal with Sobyenin's help, Putin became Russian prime minister (1999) and shortly thereafter Sobyenin became the Tyumen governor (2001).

In politics, there is no heart, only head, as Napoleon pointed out. After their victory over Roketskii, Sobyenin and the okrug governors became embroiled in long and difficult negotiations hidden from public view about the division of power between the oblast and the okrugs. Ultimately, Sobyenin managed to replace his agreement to preserve the de facto equal relations between the oblast and okrugs with a new arrangement in which the okrugs provided significant financial support to the oblast administration. According to Russia's budget code, the budgets of the okrugs and oblast should receive 5 percent of the tax on the production of fossil fuels (NDPI). But Sobyenin succeeded in directing all the income from the resource tax exclusively to the oblast budget in the 2004 "Agreement on relations between Tyumen Oblast and the autonomous okrugs." The oblast then redistributed a significant amount of this money to the okrugs through the so-called Cooperation program. Additionally, the autonomous okrugs transferred to the oblast budget income from the 29.5% organization profit tax. As a result, the oblast's income increased 6.7 times (see Tables 2 and 3). By 2005, Tyumen Oblast's income was about the same as Khanty-Mansi's and was twice as big as Yamal-Nenets's, even though just one year earlier, Tyumen's budget had been equal to Yamal-Nenets' (53.9 billion rubles) and about half as large as Khanty-Mansi's (143.8 billion rubles).

The Kremlin helped Sobyenin achieve this compromise from a position of strength by announcing and then implementing the idea of merging Russian regions into larger units. During 2003–2004 rumors actively circulated in Tyumen that Sobyenin was preparing to begin an analogous process in the oblast. Doing so would have effectively abolished the okrug governments and left the oblast government in charge of the entire territory. Additionally, the presidential administration actively participated in the negotiations among the three components of Tyumen. The initial plans for funding the Cooperation program during the years 2005–2009 were 104.5 billion rubles, but this number grew constantly. About half of the money was designated for road construction. In reality, this program during the years 2005–2008 spent 124 billion rubles, approximately the annual budget of Tyumen Oblast

(see Table 4). The actual amounts of the expenditures were determined by reconciliation committees and in the course of personal meetings of the three governors. None of the players ever held public briefings to explain what kind of deals were made during the negotiations and there was very little public information about the program. During 2005–2006, the Tyumen Oblast Accounting Chamber tried to conduct an audit of the Cooperation program expenditures, but this effort ended with the firing of the Chamber's chairman.

### The Sphere of Public Politics

The sphere of public politics in Tyumen Oblast constantly narrowed during the last ten years, following the tendency at the federal level. In 2004, gubernatorial elections were effectively replaced with presidential appointments. When Putin named Sobyenin as head of his presidential administration in November 2005, he appointed Vladimir Yakushev as Tyumen governor. Accordingly, Yakushev never had to win the support of the population. Before his appointment, he was the president of Zaksibkombank, then first deputy governor in Sobyenin's administration, where he was in charge of financial issues. Another sign of the closing of public politics in Tyumen was the 2004 decision to replace mayoral elections with the appointment of city managers.

Tyumen's legislative elections also show how the public sphere has narrowed since 2000. During the last ten years, the oblast has conducted two elections for the Oblast Duma, in 2001 and 2007. In 2001, the oblast used the single-member mandate electoral system, electing one representative from individual districts, which created competition among the individual personalities. The majority of candidates positioned themselves as active entrepreneurs and managers, while stressing their close ties to the executive branch and their lack of party membership. The only exception was A. K. Cherepanov, a member of the Russian Communist Workers' Party (RKRP). However, after the election, the majority of deputies in the Oblast Duma joined Putin's United Russia party, which set up its own faction in the oblast legislature. In 2005, this faction included 17 of 25 Duma members.

The 2007 Oblast Duma elections were dull and largely were "a legal ratification of a previously-approved agreement among the elite on the distribution of mandates." This time half of the seats were distributed in single-mandate districts, as before, and half through proportional representation. Candidates not loyal to the authorities were simply removed from the elections, including the RKRP's Cherepanov and the Communist

Party of the Russian Federation's T. N. Kazantsev. The pro-Kremlin United Russia won 65.89 percent of the vote in the proportional representation part of the ballot (see Table 5). After winning every single district, United Russia controlled 30 of 34 seats in the Duma. Thus, it managed to completely dominate the Duma in the course of one electoral cycle. Such an outcome should surprise no one since the candidates who ultimately became members of the Duma were either put there by the oblast or okrug administrations or were agreed upon in advance. The politicians could accept any label as long as it guaranteed them membership in the Duma. One member of the Duma from Just Russia and two from the Liberal Democratic Party are no different from the United Russia deputies either in terms of biography or values. Before they entered the Duma on the party list, none of the new members were public politicians. The transcript of 2009 Oblast Duma sessions demonstrate that deputies do not even conduct discussions or debates among themselves. They simply rubber stamp initiatives adopted by the executive branch.

### **Tyumen Oblast in the Year of Crisis**

Like the rest of the country, Tyumen Oblast was not prepared for the financial crisis that hit in the fall of 2008. Already by February 2009, the administration and Oblast Duma had to cut the anticipated revenue for the budget by 50 percent from 110.3 billion rubles to 55.1 billion rubles as a result of the drop in energy prices. As a result, the authorities slashed 28.2 billion rubles from the budget for investment in capital construction. Funding for the oblast's targeted programs fell 34.2 percent (37.9 billion rubles). The programs that faced the biggest cuts were the Cooperation program, which lost 16.9 billion rubles and the housing program, which lost 4.2 billion rubles. By the end of 2009, the budget deficit is expected to be 32.9 billion rubles. During the first seven months of 2009, investment in basic capital fell 11.6 percent, while overall industrial production fell 7.2 percent. The budget planned for 2010 includes a significant deficit, win revenues of 86.8 billion rubles and expenses of 92.1 billion rubles.

There are only 6,500 unemployed in Tyumen Oblast according to the Center for Employment of the Population. However, these figures are likely to be inaccurate since they do not take into account hidden unemployment and workers forced to take involuntary furloughs or shortened work weeks.

A new federal law, which has been passed by both houses of parliament but not yet signed by the president, will redirect at least 30 percent of Tyumen's current revenue to the federal government in future years by giving the federal government complete control over the fossil fuel tax (NDPI). For the next four years, the Ministry of Finance will give the oblast subsidies of the 5.5 percent of the NDPI tax that used to go straight to the oblast on a decreasing scale: 100% in 2010; 75% in 2011; 50% in 2012; and 25% in 2013. The change in this tax distribution immediately deprives Tyumen of its status as a donor to the Russian budget. Tyumen politicians have expressed alarm. Purchasing the loyalty of elite costs something, yet the federal authorities are taking away the revenue from this tax. In a region with an inefficient economy that depends heavily on raw materials, this step will likely lead to a reduction in the standard of living and provoke discontent among the population. The authorities will have to react to this dissatisfaction.

The loss of Tyumen's Oblast's share of the NDPI poses questions about the continuation of the Cooperation revenue-sharing program launched in 2005 and the 2004 Agreement on relations between Tyumen Oblast and the autonomous okrugs since dividing the revenue was the instrument which supported the compromise among the three jurisdictions. Now the government of Tyumen Oblast, like the administration of Leonid Roketskii in the 1990s, will lose interest in balanced cooperation, and could initiate a process of merging the three units since it will somehow have to compensate for the loss of revenue. The press has recently begun to report on how some key officials in Tyumen are beginning to discuss this idea seriously.

#### *About the Author*

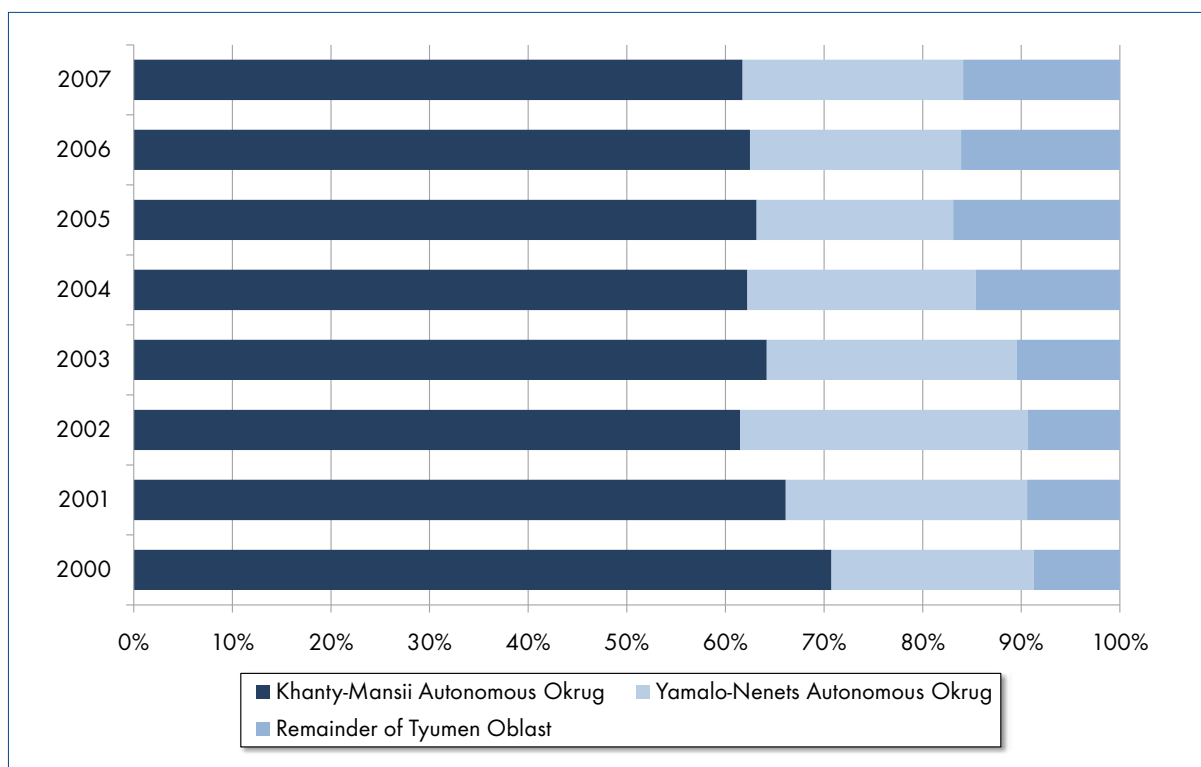
Sergei Kondratev is the director of the Institute of History and Political Science at Tyumen State University.



**Tables and Diagrams**

**Tyumen Oblast: GRP, Budget Revenue, and Election Results**

**Diagram 1: Proportion of Gross Regional Product (GRP) of Tyumen Oblast Accounted For by Khanty-Mansii Autonomous Okrug and Yamalo-Nenets Autonomous Okrug 2000–2007**

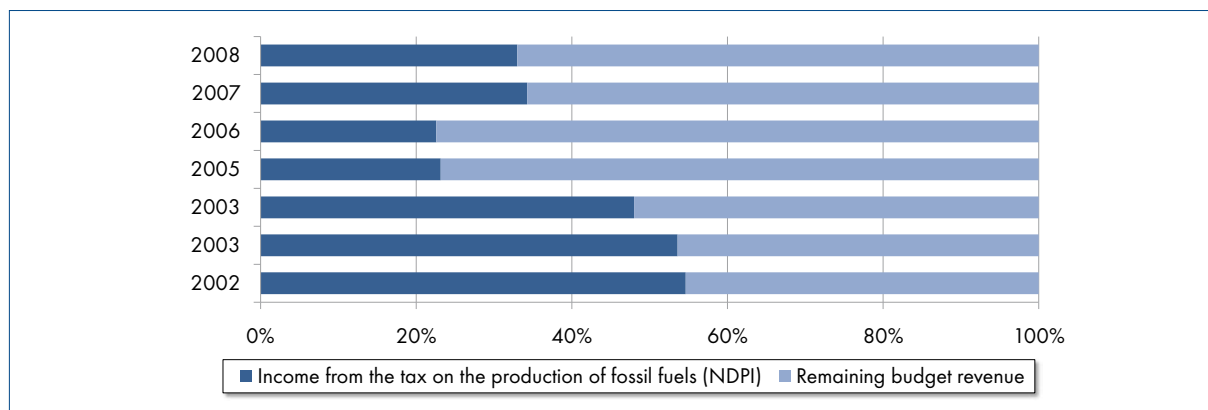


**Table 1: Gross Regional Product of Tyumen Oblast 1998–2007 (mln. rubles, current prices)**

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b>Tyumen Oblast total</b>	188,611.30	316,194.70	570,790.20	753,119.20	898,722.40	1,117,514.40	1,536,733.70	2,215,584.40	2,551,355.40	2,785,335.60
<i>of which:</i>										
Khanty-Mansii Autonomous Oblast	n.a.	n.a.	403,822.20	497,981.40	552,483.50	717,219.70	956,196.50	1,399,335.90	1,594,097.10	1,719,686.90
Yamal-Nenets Autonomous Okrug	n.a.	n.a.	117,100.80	184,315.90	262,447.40	283,181.20	355,718.40	441,721.80	546,365.80	622,747.60

Source: Russian Federal State Statistics Service, [http://www.gks.ru/bgd/free/b01\\_19/lssWWW.exe/Stg/d000/vrp98-07.htm](http://www.gks.ru/bgd/free/b01_19/lssWWW.exe/Stg/d000/vrp98-07.htm)

**Diagram 2: Tax on the Production of Fossil Fuels (NDPI) as Proportion of Total Revenue of Tyumen Oblast 2002–2008**



**Table 2: Main Sources of Revenue for the Tyumen Oblast Budget (rubles)**

Source of revenue	2002	2003	2004	2005	2006 (planned)
<i>Sum total of all sources of revenue, of which:</i>	<i>20,063,301</i>	<i>22,521,858</i>	<i>30,265,129</i>	<i>119,602,439</i>	<i>134,589,125</i>
<i>Oblast budget's own sources of revenue, of which:</i>	<i>18,955,325</i>	<i>21,100,730</i>	<i>28,803,070</i>	<i>117,583,586</i>	<i>106,101,003</i>
Tax on the production of fossil fuels	10,961,896	12,066,407	14,526,059	27,686,187	35,549,080
Corporate profit tax	2,295,779	2,215,710	6,032,874	80,932,537	58,970,392
Income tax	2,579,585	3,050,369	3,860,308	4,584,508	5,250,000
Gambling tax	4,224	11,019	57,221	124,709	226,700
Excise taxes	265,820	292,173	497,293	1,307,681	1,314,630
Sales tax	247,914	238,853	24,842	n.a.	n.a.
Tax on total revenue	43,221	63,474	205,757	621,369	534,295
Corporate property tax	557,872	584,821	958,204	894,823	1,368,580
Water tax	17,990	41,107	49,504	n.a.	n.a.
Fees for the use of forest land	19,134	14,736	n.a.	20,334	17,500
Fees for negative impact on the environment	22,252	34,622	n.a.	37,318	25,900
Dues for the use of fauna	2,800	2,614	824	656	740
Revenue from the use of state property	329,099	287,827	450,585	746,054	1,745,810
Revenue from the sale of real estate, material and non-material assets	15,631	n.a.	n.a.	17,571	32,235
Fines, compensation for damage	12,984	36,977	6,871	6,497	5,470
Other non-tax revenue	12,984	3,974	25,160	45,625	585,000
Income from state trust funds, specialised funds	1,395,719	2,027,587	1,940,127	n.a.	n.a.

Source: *Otchet o rabote Tyumenskoi oblastnoi Dumy tret'ego sozyva (prinyat postanovleniem ot 15.02.2007 N 3227)* [Proceedings of the 3<sup>rd</sup> Tyumen Oblast Duma (Accepted by the Decree of 15<sup>th</sup> February 2007 No. 3227)] <http://www.duma72.ru/TextPage.aspx?id=6>

**Table 3: Revenue of the Oblast Budget (2006–2008) (bln. rubles)**

Year	Budget revenue	Income from the tax on the production of fossil fuels (NDPI)
2006	159.36	36.0 (22.65%)
2007	116.75	40.0 (31.6 %)
2008	162.57	53.63 (33 %)

Source: *Sotsial'no-ekonomicheskoe polozhenie Tyumenskoi oblasti Sborniki Stat. Upravleniya Tyumenskoi oblasti za 2007 – 2009 gg.* [The Social-Economic Situation of Tyumen Oblast. Collection of Articles of the Administration of Tyumen Oblast for 2007 – 2009].

**Table 4: Expenses within the “Cooperation” Program (2005 – 2009) (mln. rubles)**

Year	2005	2006	2007	2008	2009
Projected expenses	25,190.5	42,751.0	12,380.4	12,143.4	12033.4
Actual expenses	21,400.0	40,546.2	38,837.364	22,730*	n.a.

\* data for the first nine months

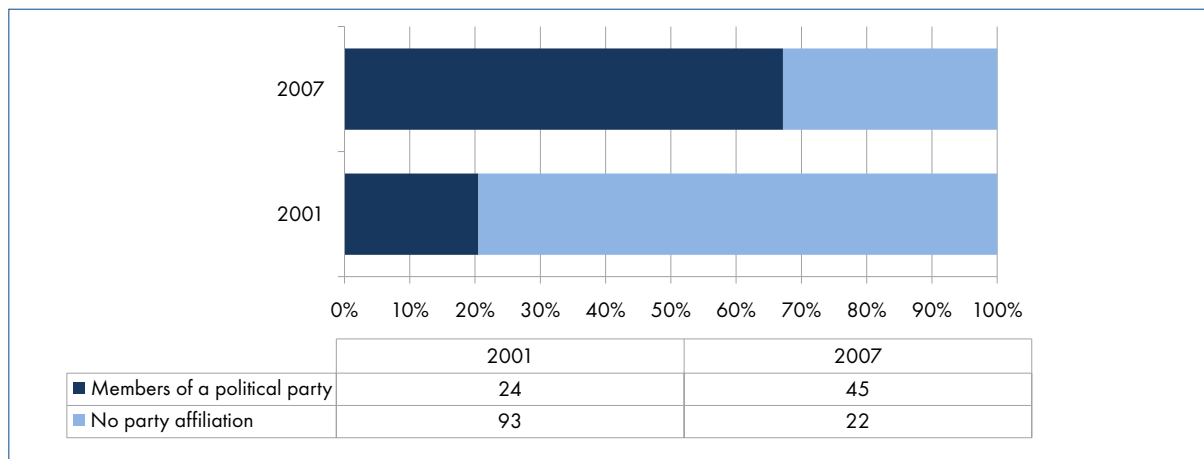
Source: *Prilozhenie k postanovleniyu Pravitel'stva Tyumenskoi oblasti ot 4 aprelya 2006 g. N 87-p* [Addendum to Decree of the Tyumen Oblast of 4th April 2006 No. 87-p]; *Otchet o rabote Tyumenskoi oblastnoi Dumy tret'ego sozyva (prinyat postanovleniem ot 15.02.2007 N 3227)* [Proceedings of the 3rd Tyumen Oblast Duma (Accepted by the Decree of 15th February 2007 No. 3227)] <http://www.duma72.ru/TextPage.aspx?id=6>; *Oblastnaya programma “Sotrudnichestvo”* [Oblast Program “Cooperation”] <http://www.duma72.ru/TextPage.aspx?id=100>

**Table 5: Tyumen Oblast Duma Election Results in the 2007 Election (According to Proportional Representation)**

Political party	No. of votes gained	Percent of votes				No. of seats gained
		Entire oblast	Southern part of the oblast	Khanty-Mansii Autonomous Okrug	Yamal-Nenets Autonomous Okrug	
United Russia	738,217	65.89%	67.0%	59.9%	72.9%	13
Liberal Democratic Party of Russia (LDPR)	121,032	10.80%	10.3%	13.1%	8.3%	1
Just Russia	97,873	8.74%	7.6%	11.9%	7.4%	1
Communist Party of the Russian Federation (KPRF)	93,810	8.37%	8.3%	9.4%	6.7%	1
Russian Communist Workers' Party – Revolutionary Party of Communists (RKRP-RPK)	28,362	2.53%	3.3%	3.3%	1.4%	-

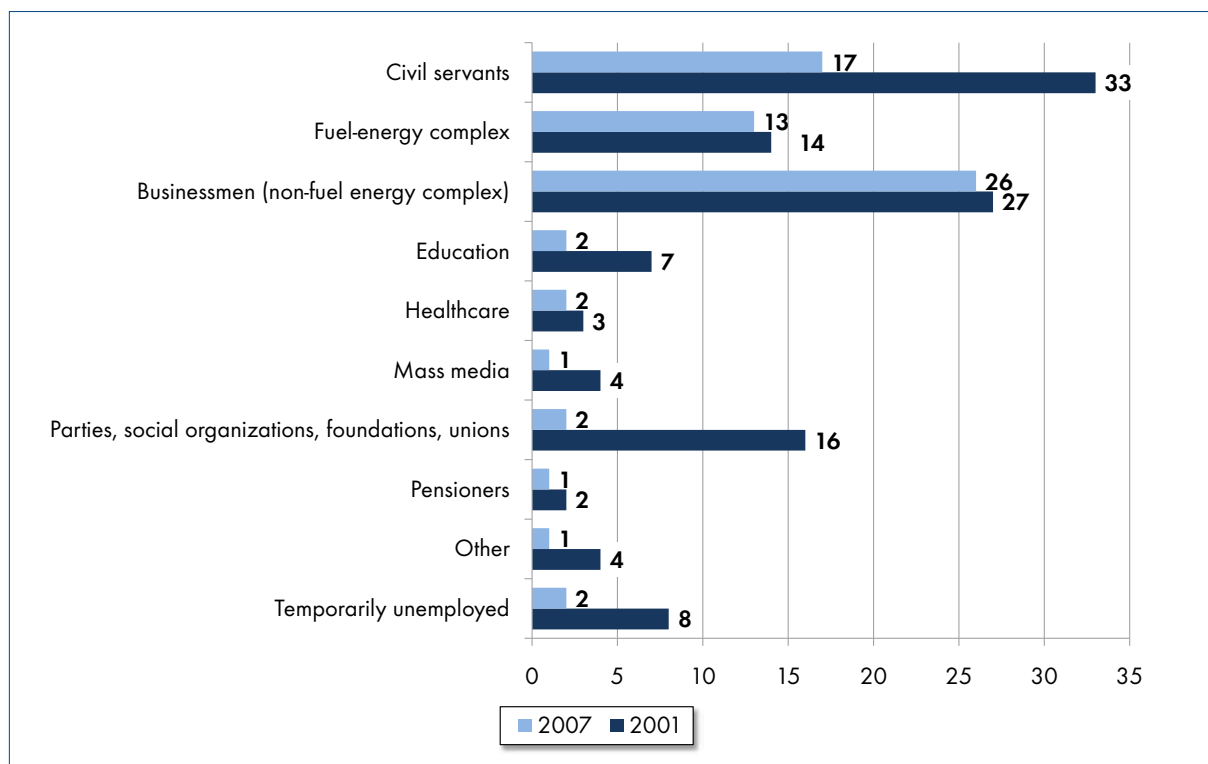
Source: *Monitoring regional'nykh izbiratel'nykh kampanii 11 marta 2007. Byulleten' N 3, mai 2007 g.* [Monitoring of Regional Election Campaigns of 11<sup>th</sup> March 2007. Bulletin No. 3, May 2007], p. 191.

**Diagram 3: Candidates in the 2001 and 2007 Tyumen Oblast Duma Elections by Party Membership**



Source: author's figures

**Diagram 4: Candidates in the 2001 and 2007 Tyumen Oblast Duma Elections by Profession**



Source: author's figures

## Call for Papers

### Call for Applications – 5<sup>th</sup> Changing Europe Summer School

“Informal Networks, Clientelism and Corruption in Politics, State Administration, Business and Society. Case studies from Central and Eastern Europe”

Institute of Sociology, Czech Academy of Sciences

Prague 1 – 7 August 2010

organized by the Research Centre for East European Studies (University of Bremen)  
at the Institute of Sociology, Czech Academy of Sciences  
with funding from the Volkswagen Foundation

**The topic:** Informal networks, clientelism and corruption are often seen as legacies of socialism with a strong impact on post-socialist transformations, on the other hand they describe universal phenomena, which can be found in all kinds of societies. Although these phenomena are frequently argued to impede development, some authors also highlight their potential to make things work by offering a way around red tape and authoritarian pressures.

In order to obtain a better understanding of these phenomena, including their different forms, modes of function, causes and consequences in various societal contexts, the Changing Europe Summer School 2010 wants to offer a forum for empirical research on informal networks, clientelism and corruption with a regional focus on Central and Eastern Europe. Central and Eastern Europe is defined as the formerly socialist part of Europe including all countries of the CIS. Comparative approaches (across countries and across time) are especially encouraged.

**The Summer School:** Each year the Changing Europe Summer School brings together 20 to 30 young academics (i.e. mainly doctoral students from disciplines like political science, sociology, economics, social anthropology, law, geography and history) working on issues related to countries in Central and Eastern Europe. Participation in the Summer School gives them a chance to present and discuss their research projects and to become better integrated into the academic community.

The core of the Summer School consists of the presentation of doctoral research projects and their discussion with senior researchers of international repute in their respective fields. In addition, there will be several sessions with experts on funding, access to information, publication strategies and policy consulting. The sessions will be framed by lectures and excursions as well as other activities designed to give participants the opportunity to socialize and establish contacts. Selected contributions to the Summer School will be published in an edited volume. The participants will be invited to join our alumni network.

**Paper proposals:** Paper proposals must be based on original doctoral research projects and may not exceed 1000 words. They must be drafted in English and must connect an empirical question with a theoretical approach and concept in order to be accepted. An international review panel will assess the papers for the conference in an anonymous review process (for more information about the reviewers, see [www.changing-europe.de](http://www.changing-europe.de)). The deadline for receipt of paper proposals is **10 January 2010**. Please submit your proposal according to the guidelines at [www.changing-europe.de](http://www.changing-europe.de).

**Costs:** Funding by the Volkswagen Foundation covers accommodation and participation fees. Participants will have to cover their travel costs themselves.

**Location:** Institute of Sociology, Czech Academy of Sciences, Prague

**Information:** More information about the Changing Europe Summer Schools is available at [www.changing-europe.de](http://www.changing-europe.de)

## About the Russian Analytical Digest

Editors: Stephen Aris, Matthias Neumann, Robert Orttung, Jeronim Perović, Heiko Pleines, Hans-Henning Schröder

The Russian Analytical Digest is a bi-weekly internet publication jointly produced by the Research Centre for East European Studies [Forschungsstelle Osteuropa] at the University of Bremen ([www.forschungsstelle.uni-bremen.de](http://www.forschungsstelle.uni-bremen.de)) and the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology Zurich (ETH Zurich). It is supported by the German Association for East European Studies (DGO). The Digest draws on contributions to the German-language *Russlandanalysen* ([www.laender-analysen.de/russland](http://www.laender-analysen.de/russland)), the CSS analytical network on Russia and Eurasia ([www.res.ethz.ch](http://www.res.ethz.ch)), and the Russian Regional Report. The Russian Analytical Digest covers political, economic, and social developments in Russia and its regions, and looks at Russia's role in international relations.

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### Research Centre for East European Studies at the University of Bremen

Founded in 1982, the Research Centre for East European Studies (Forschungsstelle Osteuropa) at the University of Bremen is dedicated to socialist and post-socialist cultural and societal developments in the countries of Central and Eastern Europe.

The Research Centre possesses a unique collection of alternative culture and independent writings from the former socialist countries in its archive. In addition to extensive individual research on dissidence and society in socialist countries, since January 2007 a group of international research institutes is participating in a collaborative project on the theme "The other Eastern Europe – the 1960s to the 1980s, dissidence in politics and society, alternatives in culture. Contributions to comparative contemporary history", which is funded by the Volkswagen Foundation.

In the area of post-socialist societies, extensive research projects have been conducted in recent years with emphasis on political decision-making processes, economic culture and the integration of post-socialist countries into EU governance. One of the core missions of the institute is the dissemination of academic knowledge to the interested public. This includes regular email services with nearly 20,000 subscribers in politics, economics and the media.

With a collection of publications on Eastern Europe unique in Germany, the Research Centre is also a contact point for researchers as well as the interested public. The Research Centre has approximately 300 periodicals from Russia alone, which are available in the institute's library. News reports as well as academic literature is systematically processed and analyzed in data bases.

### The Center for Security Studies (CSS) at ETH Zurich

The Center for Security Studies (CSS) at ETH Zurich is a Swiss academic center of competence that specializes in research, teaching, and information services in the fields of international and Swiss security studies. The CSS also acts as a consultant to various political bodies and the general public. The CSS is engaged in research projects with a number of Swiss and international partners. The Center's research focus is on new risks, European and transatlantic security, strategy and doctrine, area studies, state failure and state building, and Swiss foreign and security policy.

In its teaching capacity, the CSS contributes to the ETH Zurich-based Bachelor of Arts (BA) in public policy degree course for prospective professional military officers in the Swiss army and the ETH and University of Zurich-based MA program in Comparative and International Studies (MACIS); offers and develops specialized courses and study programs to all ETH Zurich and University of Zurich students; and has the lead in the Executive Masters degree program in Security Policy and Crisis Management (MAS ETH SPCM), which is offered by ETH Zurich. The program is tailored to the needs of experienced senior executives and managers from the private and public sectors, the policy community, and the armed forces.

The CSS runs the International Relations and Security Network (ISN), and in cooperation with partner institutes manages the Crisis and Risk Network (CRN), the Parallel History Project on Cooperative Security (PHP), the Swiss Foreign and Security Policy Network (SSN), and the Russian and Eurasian Security (RES) Network.

Any opinions expressed in Russian Analytical Digest are exclusively those of the authors.

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